

**MINUTES OF THE
POLITICAL SUBDIVISIONS INTERIM COMMITTEE**
Wednesday, July 12, 2000 - 2:00 p.m. - Room 414 State Capitol

Members Present:

Sen. R. Mont Evans, Senate Chair
Rep. Joseph G. Murray, House Chair
Sen. Pete Suazo
Rep. Eli H. Anderson
Rep. Loretta Baca
Rep. DeMar "Bud" Bowman
Rep. Craig W. Buttars
Rep. Marda Dillree
Rep. Raymond W. Short
Rep. Richard M. Siddoway

Members Absent:

Rep. Greg J. Curtis
Rep. Glenn L. Way

Members Excused:

Sen. Scott N. Howell
Sen. L. Alma "Al" Mansell
Sen. Michael G. Waddoups
Rep. David L. Gladwell

Staff Present:

Mr. Joseph Wade,
Research Analyst
Mr. Robert H. Rees,
Associate General Counsel
Ms. Joy L. Miller,
Legislative Secretary

Note: A list of others present and a copy of materials distributed in the meeting are on file in the Office of Legislative Research and General Counsel.

1. Call to Order and Committee Business - Rep. Murray called the meeting to order at 2:15 p.m.

2. Transfer of Development Rights - Mr. Neil Lindberg, attorney, distributed a summary of TDRs. TDRs are a way of shifting development rights from one parcel of land to another under a government authorized program. The purpose is to preserve areas considered desirable and to compensate landowners. A TDR program consists of four required elements: 1) a "sending area," 2) a "receiving area," 3) an "allocation formula", and 4) a recorded "conservation easement." He said it was his opinion that the state has authority to do TDRs under *State v. Hutchinson* even though there is no express statutory authority. The economics of the receiving parcel make the program work.

Ms. Jodi Hoffman, attorney, stated she supports TDR programs, but added there is a better way of doing them than currently exists. In the 35 years they have existed, less than 70,000 acres in the entire United States have been preserved. TDR systems have been ineffective because they rely on a very large local government bureaucracy to make them work. Ms. Hoffman said enabling legislation is proposed to establish a system that relies entirely on a free market to facilitate the sale and purchase of development rights using traditionally used rules of property law. Under the proposed system, a property owner would go to the local government and have their development rights certified. The state law would mandate that the local government must

certify the development rights presently on the land. The county would also be mandated by state law to develop a recording system that would track the development rights. The proposed system would not usurp local planning jurisdiction and does not involve any government money.

Mr. Leland Hogan, Utah Farm Bureau, stressed the importance of development rights. He said those in agriculture look at the development potential of their land as a bank for the future. He said many generations of agriculture operators live land rich and money poor in many situations. Mr. Hogan distributed a chart of Utah cropland and irrigated farmland acreage. Market prices are what makes cropland fluctuate. As a whole, cropland has increased, however, pockets of very fertile and productive cropland is being lost in the state. The bureau would support TDRs as long as they are accomplished in the free market and outside of the influence of government money. He asked that caution be used in developing the proposal.

MOTION: Rep. Dillree moved to support the concept of transfer of development rights on agricultural property. Efforts should be coordinated with the Natural Resources, Agriculture, and Environment Interim Committee and other interested parties in drafting legislation. The motion passed unanimously.

MOTION: Rep. Bowman moved to approve the minutes of June 14, 2000. The motion passed unanimously.

3. Update on the Development of the Jordan River Corridor - Mr. Don Davis, Salt Lake County Parks and Recreation, distributed a summary of activity to date on the Jordan River Parkway. Mr. Davis stated funding was the parkway's major roadblock until Sen. LeRay McAllister began to champion the cause for legislative funding for trails. All of the cities and Salt Lake County are working to complete a continuous multi-purpose trail linking the Utah County trail to the trail being planned in Davis County. Mr. Davis gave a brief summary of the facilities currently in the Jordan River Parkway in Salt Lake County.

Mr. Wayne Martinsen, Utah Wetlands Coordinator for Audubon Society, distributed a brochure on the Jordan River Natural Conservation Corridor. The Jordan River is lowland riparian habitat, which is considered the most important habitat type in Utah for some migratory birds. The Audubon Society has recommended that these areas be managed for wildlife in the future under an integrated management system and that a total of 1,500 acres be reserved and managed for wildlife. Tools needs to be available to work with interested local governments and landowners in order for more of the river corridor to benefit wildlife and the citizens.

Mr. Clyde Naylor, Utah County Engineer, distributed a map of the Jordan River Parkway in Utah County. He pointed out the many park areas that have been developed along the parkway. One of the major needs in Utah County is to provide the connection between the

Jordan River Parkway and the Provo River Parkway along Utah Lake. He stressed the importance of continuing the Riverway Enhancement and other programs.

Mr. Steve Jensen, Salt Lake County, commented that beginning in 1989, they were able to acquire \$7 million of federal funding to obtain 1,000 acres of critical wetlands along the Jordan River corridor between the narrows and 2100 South. The Jordan River is prime development area and the land has become very expensive. Mr. Jensen said they have been able to attract \$3.5 million for the restoration and stabilization of the river. An additional \$10 million will be needed to complete the process. Activities have been coordinated through the Jordan River Watershed Council. In all there are 25 federal, state, and local agencies that have jurisdiction on the river. He indicated that the hard part will be managing the system.

Mr. Art DuFault, Division of Forestry, Fire, and State Lands, said that the Department of Natural Resources has offered their support, particularly by way of technical assistance. He distributed a sample of ownership mapping. They are working on the preservation of wetlands, recreation opportunities of the trail, and the ownership impacts associated with permitted use for crossing the area as well as encroachment. Mr. DuFault expressed their desire to work with the legislature in a collaborative way to consider the multiple resource opportunities.

Mr. Jeff Salt, Great Salt Lake Audubon Society, stated one of the important issues with the river is access. He also noted that changing the perception of the river is the biggest obstacle.

4. Proposed Municipal Incorporations and Annexations in First Class Counties - Mr. David Beck, Chief Deputy, Salt Lake County Auditor's Office, stated the Municipal Services Fund was created to track the revenue and expenditures for municipal type services provided to unincorporated residents of Salt Lake County. The county developed budget policies and goals that define what policies will be followed in funding those services. He noted that Salt Lake County has achieved a AAA bond rating by all three rating agencies in New York. That is due largely because of the fact that a five-year budget plan has been adopted which projects revenues and expenditures into the future and allows them to try to match them together. Mr. Beck indicated that the Municipal Services Fund has run into some problems in that area.

Mr. Lance Brown, Budget Director for Salt Lake County, distributed information on the Municipal Services Fund. It is county policy to have a minimum unappropriated reserve in the county's general fund in all of its special revenue. The Municipal Services Fund qualifies as a special revenue fund. The minimum financial reserve for all of their funds is 5 percent of projected current year revenues. The fund is in balance for the year 2000. However, 2001 revenues will not be sufficient to meet projected expenditures. The gap continues to widen in the years that follow. Factors that have contributed to the problems facing the Municipal Services Fund include a declining pattern in local option sales tax revenues which are 1 percent of taxable sales that occur in the unincorporated portions of the county. The tax revenue stream has

declined due to annexations and incorporations. He showed a map of the areas where there has been significant sales tax erosion.

Mr. Sam Klemm, Administrative Assistant to Commissioner Mary Callaghan, distributed and reviewed a summary of the status of current incorporations and annexations. He added that during the June budget mid-year assessment, the five-year projection showed the county, in this fiscal year, having a \$5.2 million deficit. Serious budget cutting was necessary which resulted in a net loss of approximately 60 personnel. He noted most areas that have been left after annexations are residential and amount to 195,000 people. S.B. 242 will help in situations with areas that have no revenue base.

5. Proposed Changes to the Process for Municipal Annexation - Mr. Wilf Sommerkorn, Director, Davis County Community & Economic Development, indicated he is working with the Utah Quality Growth Commission on behalf of the Utah Association of Counties. The act that formed the commission directed it to look at what significant barriers existed in state law to future quality growth. An issue that was immediately identified was the annexation section of the code. Mr. Sommerkorn distributed a summary of the municipal annexation process. He explained that in 1978 a committee was formed by the League of Cities and Towns and the Wasatch Front Committee to look at the issue of annexation and growth. In 1979, the legislature adopted the recommendations proposed by the committee. In 1995, the Utah Supreme Court invalidated the incorporation section. The legislature has debated the issue several times since then and legislation has been passed that has not fully addressed the problems associated with annexation. Mr. Sommerkorn distributed a summary of proposed changes to the annexation process. These include: 1) a statement of legislative intent, 2) an Annexation Policy Plan, 3) a protest procedure, 4) urban development restrictions, and 5) simplification of the annexation process. He encouraged the committee to consider these suggestions for the next session.

Mr. Gary Uresk, City Administrator, Woods Cross City, stated the legislative policy committee established by the League of Cities and Towns has briefly looked at the proposal and supports the intent. He emphasized that annexation needs to have a planning basis.

Mr. C. Edwin Alter, Association of Community Councils Together, stated the proposal is lacking from the citizens' point of view. Changing the sales tax distribution by eliminating the point of sale and making it strictly based on population would solve much of the problem. He said the proposal would remove citizen choice.

MOTION: Rep. Dillree moved to adjourn. The motion passed unanimously. Chair Evans adjourned the meeting at 5:05 p.m.